

Message Text

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ACTION STR-07

INFO OCT-01 ARA-10 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 /124 W
-----015268 220929Z /23

P 220809Z APR 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 8744
INFO AMEMBASSY GUATEMALA
AMEMBASSY MANAGUA
AMEMBASSY SAN JOSE
AMEMBASSY SAN SALVADOR
AMEMBASSY TEGUCIGALPA

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USMTN

ACTION STR

STR PASS CODEL

EO 11652:N/A
TAGS: MTN, ETRD, GT, NU, CS, ES, HO
SUBJECT: MTN: DISCUSSION WITH SIECA REPRESENTATIVE TREJOS

1. SUMMARY: IN DISCUSSION OF MTN WITH SIECA REPRESENTATIVE TREJOS, VALUE OF US OFFERS TO CENTRAL AMERICA WAS ELABORATED AS WELL AS NEED FOR CONTRIBUTIONS IN ORDER TO MAINTAIN THESE OFFERS. TREJOS NOTED THAT CACM DID NOT PLAN TO MAKE RESPONSES TO DETAILED INDICATIONS OF CONTRIBUTIONS FROM DC'S, BUT WOULD BE MAKING A GENERAL CONTRIBUTION TO THE OVERALL OBJECTIVES OF TRADE LIBERALIZATION THROUGH REVISION
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OF CACM COMMON EXTERNAL TARIFF (CXT) AND IMPORT PROCEDURES/
POLICIES. END SUMMARY.

2. DURING RECENT VISIT OF SIECA DEPUTY SECRETARY GENERAL RUDOLFO TREJOS TO GENEVA TO ATTEND UNCTAD MEETING ON ECONOMIC COOPERATION AMONG DEVELOPING COUNTRIES, US MTN DEL (KNEPPER) HAD OPPORTUNITY APRIL 18 TO REVIEW WITH

TREJOS CACM'S INTEREST IN US OFFERS (PARA. 2 GENEVA 05003) AS WELL AS US INDICATIONS OF CONTRIBUTIONS IT WOULD FIND OF INTEREST (US INDICATIVE LISTS TABLED IN TROPICAL PRODUCTS, AGRICULTURE, NONTARIFF MEASURES, AND INDUSTRIAL PRODUCTS). RANGE OF US INDICATIONS OF EXPORT INTEREST PROVIDE RANGE OF POSSIBILITIES FOR CACM RESPONSES. US DEL NOTED IMPORTANCE OF MEANINGFUL NEGOTIATIONS IN ORDER TO REACH SUBSTANTATIVE AGREEMENTS BY MID-JULY MTN TIMEFRAME.

3. TREJOS SAID CACM COUNTRIES WERE PREPARING A FEW ADDITIONAL REQUESTS TO THE US, WHICH THEY EXPECTED TO SUBMIT THE WEEK OF APRIL 24. HE EXPRESSED INTEREST IN POSSIBLE MEETING WITH US WORKING LEVEL TEAM (STATE 095905) AND UNDERTOOK TO SEE IF VISIT COULD BE ARRANGED UPON HIS RETURN TO GUATEMALA CITY.

4. IN DISCUSSING GENERAL ISSUE OF CONTRIBUTIONS, TREJOS NOTED CACM COUNTRIES WERE OPPOSED TO "SPECIFIC RECIPROCITY" SUCH AS RESPONDING DIRECTLY TO INDICATIONS OF EXPORT INTEREST RECEIVED FROM DC'S, PRINCIPALLY THE U.S. CACM COUNTRIES WOULD, HOWEVER, MAKE SUBSTANTIAL CONTRIBUTIONS TO OVERALL OBJECTIVE OF TRADE LIBERALIZATION, AND TREJOS WENT ON TO OUTLINE WORK CURRENTLY UNDERWAY TO REVISE CXT AND CUSTOMS PROCEDURES. AMONG POINTS HE MENTIONED WERE THE FOLLOWING: --SIECA HOPED TO HAVE A CXT PROPOSAL READY FOR INTRA-CACM NEGOTIATIONS BY MID-1978; --CUSTOMS VALUATION SYSTEM WOULD BE IMPROVED AND WOULD BE BASED ON LIMITED OFFICIAL USE

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BRUSSELS DEFINITION OF VALUE; --DISCRIMINATORY CONSUMPTION TAXES THAT TAXED IMPORTED GOODS AT A HIGHER RATE THAN DOMESTICALLY PRODUCED GOODS WOULD BE ELIMINATED; --CONSULAR FEES, WHICH TREJOS SAID NOW ONLY EXISTED IN HONDURAS, WOULD BE MERGED INTO NEW CXT; --POLICIES OF IMPORT EXONERATIONS FOR INDUSTRIAL DEVELOPMENT WOULD BE HARMONIZED; --CXT WOULD BE USED SOLELY FOR ECONOMIC DEVELOPMENT PURPOSES WITH FISCAL AND BALANCE-OF-PAYMENTS CONSIDERATIONS HANDLED THROUGH OTHER MORE APPROPRIATE INSTRUMENTS. TREJOS SAID THAT CACM COUNTRIES WOULD CLAIM THIS REVISION OF CXT, CUSTOMS CODE, AND IMPORT POLICIES AS A GENERAL CONTRIBUTION TO TRADE LIBERALIZATION AND RATIONALIZATION IN THE MTN. TREJOS BELIEVED THAT AVERAGE CXT TARIFF LEVELS WOULD GO DOWN, BUT HE COULD NOT SPECIFY NOW BY HOW MUCH OR WHEN IT WOULD BE IMPLEMENTED ON INDIVIDUAL PRODUCTS. SCIENTIFIC CXT UNDER PREPARATION WOULD RELY ON "EFFECTIVE" AND NOT "NOMINAL PROTECTION."

5. COMMENT: SHOULD PROPOSALS BE IMPLEMENTED AS DESCRIBED BY TREJOS, THEY SHOULD PROVIDE SIGNIFICANT CONTRIBUTIONS BOTH TO EFFICIENT ECONOMIC GROWTH IN CACM AND TO LIBERALIZATION OF WORLD TRADE IN WHICH THEY PARTICIPATE. AS AN

INITIAL STEP, IT WOULD BE USEFUL TO HAVE PRELIMINARY SIECA REPORT ON HOW PROPOSALS FOR CXT COULD EFFECT IMPORTATION OF VARIOUS PRODUCTS ON WHICH US HAS EXPRESSED ITS' INDICATIONS OF MARKET INTEREST, HOPEFULLY FOR DISCUSSION DURING PROPOSED MAY 15 MEETING IN GUATEMALA CITY, AND WASHINGTON AGENCIES MAY WISH ASK TO HAVE THIS TOPIC INCLUDED IN AGENDA FOR PROPOSED CONSULTATIONS.

6. DRAFTED BY KNEPPER. MCDONALD

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